

Proposed Amendments to the Certification of Vapor Recovery Systems on Cargo Tanks

(Cargo Tank Regulatory Amendments)

April 25, 2019

Enforcement Division

Outline

- Background and Objectives
- Proposed Amendments
- Next Steps

Transporting Gasoline

- Gasoline is produced at refineries and transported via pipelines to bulk terminals
- Gasoline is transferred to cargo tanks to be transported by truck to gasoline stations across California



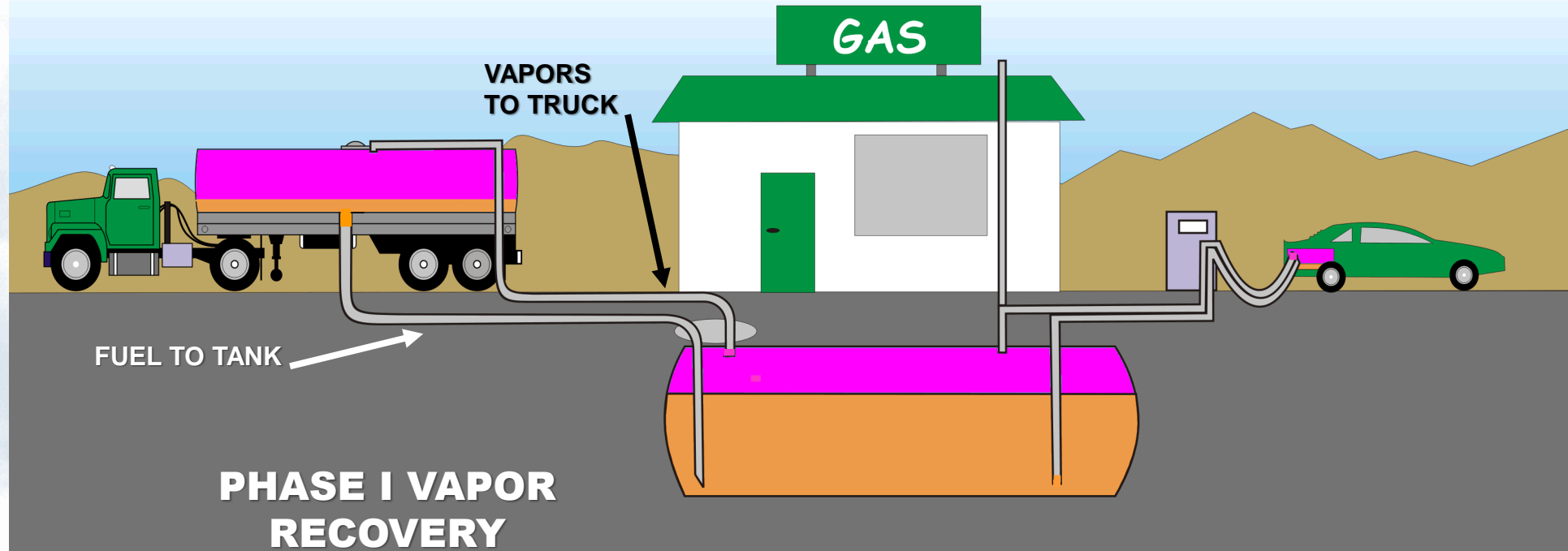
Vapor Recovery Programs

CARB's Vapor Recovery regulations control vapor emissions from gasoline transport and fueling

- Phase 1 – control of vapors during the transfer of gasoline from the cargo tank to the gasoline dispensing facility
- Phase 2 – control of vapors during the transfer of gasoline from the gasoline dispensing facility to the vehicle and storage of gasoline at the gasoline dispensing facility

VAPOR RECOVERY PROGRAM

PHASE I AND PHASE II VAPOR RECOVERY SYSTEMS



Statutory Requirements

- State law mandates the Cargo Tank Vapor Recovery Program
- State law requires collection of a reasonable fee
 - Not to exceed CARB's estimated costs
 - For administering the certification program
 - As a condition of certification

Cargo Tank Regulation

- Establishes emissions standards for cargo tanks
- Defines test procedures to ensure cargo tanks meet standards
- Requires annual cargo tank certification and labelling
- Mandates a fee for annual certification

The Program Has Unmet Needs

- Current fee is \$20 per tank per year
 - Current actual cost to issue annual certification is \$80 per tank per year
 - The program currently operates at \$300,000 annual deficit
- Program underfunding has led to
 - Decrease in compliance rates over time
 - Inadequate and outdated IT system for issuing certifications
- Potential fee up to \$205 per tank per year needed
 - To improve compliance rates and update IT system

Implementation

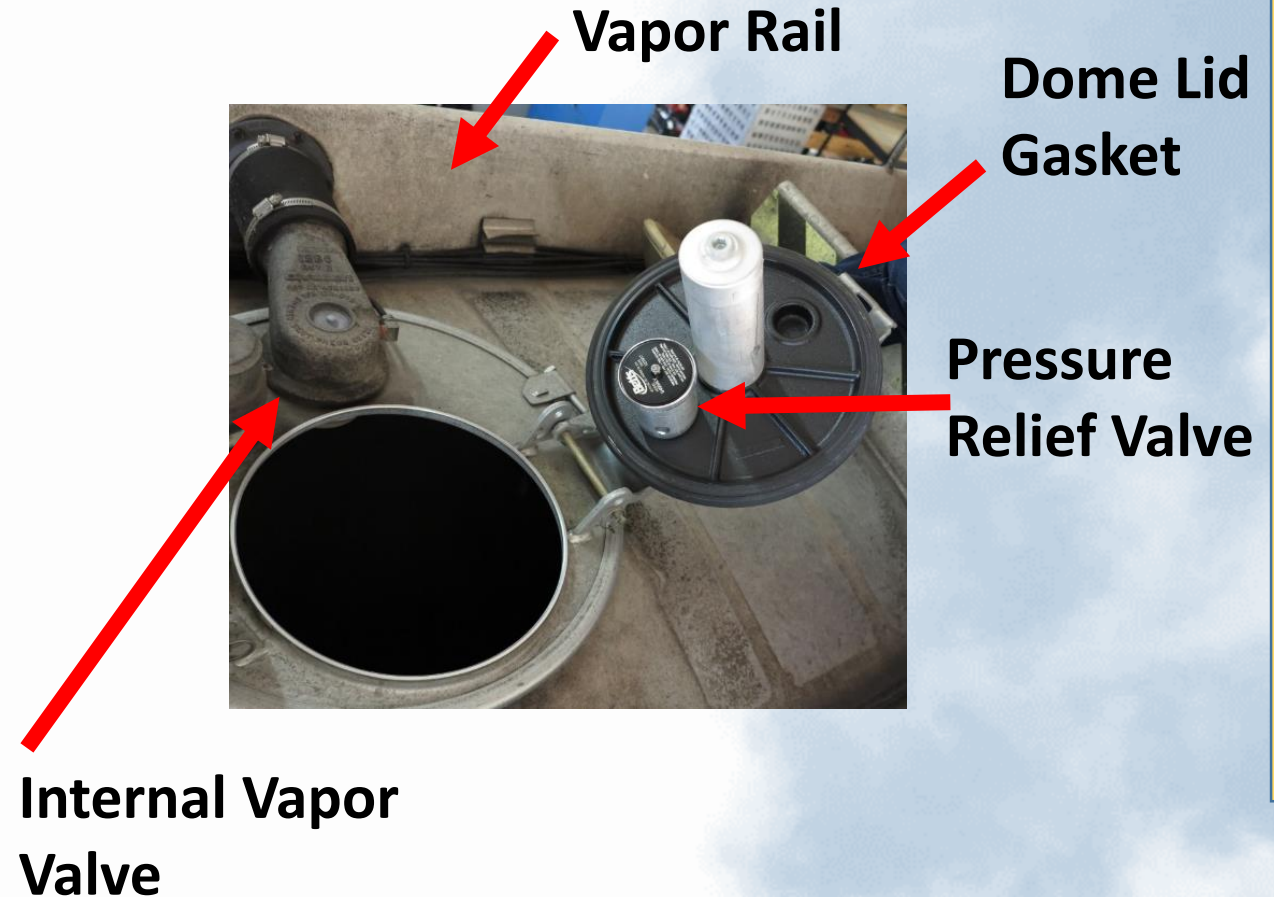
CARB certifies about 6,000 cargo tanks each year

- Operator notifies CARB of an impending certification test
- Operator submits annual certification application including test results
- CARB reviews application and if approved issues a decal for display on the certified cargo tank



How do Cargo Tanks Fail?

- Cargo tank valves and gaskets can fail if not checked regularly and maintained
- This may result in a failure to contain vapors and a release of vapors into the air



Proposed Amendments - Overview

- Establish a mechanism to periodically update fees to recover Program costs
- Do not affect certification performance standards

Mechanism to Update Fees

- Amendments establish a formula for updating fees

$$\frac{\text{Total Program Cost} \times \text{Inflation Rate}}{(\text{Average Number of Applications})} = \text{Cost Per Cargo Tank Certification}$$

Process to Update Fees

- CARB must hold public meeting to discuss with stakeholders
- Executive Officer approves fee adjustment
- Fee becomes effective January 1st of the following year

Other Process Improvements

The amendments

- Clarify the cost of replacement decals
- Establish requirements for refund requests

Proposed 15-Day Change Concept

After the initial fee adjustment:

- Program costs will be evaluated every 2 years
- If staff recommends a significant adjustment, Board Action will be required

Who is Impacted?

- Cargo tanks are operated primarily by smaller transport companies
- The majority of fleets have 5 or fewer cargo tanks

Proposed Amendments – Public Process

Public process

- 4 workshops between October 2018 and January 2019
- 4 workgroup meetings
- Additional stakeholder discussions

Proposed Amendments – Recommendation

Approve the proposed amendments, including staff's proposed 15-day changes, to the cargo tank regulation.



Next Steps – Working with Industry

We will work with stakeholders to

- Develop a Compliance Assistance Program (CAP)
- Engage in efforts to improve compliance rates

CAP Concept

- CARB's potential goals to improve compliance rates:
 - Train industry to conduct testing and inspections
 - Conduct outreach with industry to promote the Program
 - Develop a Cargo Tank CAP
- CARB will continue enforcement

Next Steps – Fee Adjustment

CARB will start the process of adjusting the certification fee

- After public discussion with stakeholders
- Quantification of Program implementation costs
- Potentially up to \$205 per application

Thank you

